

Planned giving
perspectives

NORTH CAROLINA
COMMUNITY FOUNDATION





Bogue Inlet Pier – Emerald Isle, NC

Why this is important

If you are interested in building charitable giving into your estate plan, the North Carolina Community Foundation can help. We have options that will allow you to make charitable gifts and also preserve economic security for yourself and your family. Planned giving also can provide important tax savings and other benefits, while allowing you to leave a permanent legacy. You can give now or in the future – or both. We invite you to review this information to learn how we might work together to best meet your goals.



Planned giving perspectives

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The state flower of North Carolina is the dogwood.

Who we are, what we do

Benefits and advantages of working with NCCF

NCCF is a public nonprofit created in 1988 by some of our state's noted business leaders, who envisioned a vehicle that would encourage the growth of philanthropy throughout North Carolina, with a special focus on rural areas. We are the only statewide community foundation in North Carolina. Our network of affiliate foundations allows us to serve the entire state with grants and leadership initiatives.

We exist to create permanent assets through funds established by individuals, families, corporations, private foundations and charitable organizations. We also help people and entities build their endowments to fuel grants to the organizations they care most about. We accomplish this effectively through the leadership of our statewide board, our staff's professional expertise and the knowledge of community needs and opportunities afforded us through local leadership.

By working with NCCF, you will enjoy:

Personalized service: Whether you have a specific cause you want to address in your local community or wish to benefit the overall good, the professional staff of NCCF will work

with you to help you discover and define your charitable intent. You may establish a fund in your name or in the name of a loved one or interest area.

Flexibility: We make giving easy and effective. We accept a wide variety of gifts and provide donors with an array of charitable options. You can contribute cash, stock, property or give through a bequest. At your request, we will work with your professional advisor to create a giving plan that meets your financial goals now or in the future. In most cases, your gift qualifies for maximum tax advantage under federal law.

Charitable giving expertise: Our professional staff members are experts in important areas of philanthropy that run the gamut from grantmaking, giving, investments, marketing, legal and accounting. We help ensure that you are getting the best, most reliable information and counsel on establishing and growing your endowments and awarding grants. Because we specialize in philanthropy, we keep up with the changes in laws related to charitable giving and opportunities.

"Our family has been extremely blessed to have the resources for philanthropy, and giving is as rewarding and gratifying for us as we believe it is for the recipients. We really hope we can make a difference in the lives of others."

Alex Bernhardt Sr., chairman of the board, Bernhardt Furniture; former board member, Catawba Valley Community Foundation

Bernhardt name reflects family, corporate values through philanthropy



Alex Bernhardt Sr. is chairman of the board of Bernhardt Furniture, a company known worldwide for excellence. As a philanthropist, community leader and former board member of NCCF's local affiliate, the Catawba Valley Community Foundation, he understands the power of endowment. He and his wife established the Anne and Alex Bernhardt Foundation with NCCF in 2005 and several years later set up an additional fund. "Working with NCCF has been highly satisfactory, as our funds

Impact: A fund with NCCF multiplies your impact by pooling investments for maximum growth. Grants also can be combined to leverage impact.

Community leadership: Our professional staff and local boards have an in-depth understanding of the issues, opportunities and resources that shape communities across

North Carolina. We bring together organizations that have needs with the people who want to meet those needs. Our business is to make connections that help build strong communities. Because we don't represent a particular cause or charity, we can objectively encourage philanthropy for causes you care about.

What can we help you accomplish?

Through NCCF, you will find structure, knowledge, support and encouragement, enabling you to turn your philanthropic passion into action for generations to come. For more information, visit our website and follow us on Facebook, LinkedIn and Twitter.

nccommunityfoundation.org

there have been financially managed well, and the giving process is simple and efficient." He cited the convenience of NCCF's regional office, and said the family also received "outstanding support from the home office in Raleigh."

Bernhardt recommends endowed giving and the planned-giving approach to philanthropy. "We have recommended NCCF to others and would continue to give high marks to this fine organization to other potential donors," he said.

Learn more about the Bernhardts and their philanthropy in a profile on our website at nccommunityfoundation.org.



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Bodie Island Lighthouse – Cape Hatteras, NC

How to give: Types of funds

A fund with NCCF can take many forms, depending on your needs and goals. We outline the major fund types here.

Donor advised fund

Simple, convenient charitable giving at its most flexible

Donor advised funds are perfect for individuals, families and businesses that wish to simplify and streamline their charitable giving. By establishing a tax-deductible donor advised fund with NCCF, you can centralize all your charitable giving through one cost-effective and expertly managed vehicle. You make the gift and recommend grants, and the NCCF handles all investment and administrative details. Charitable giving is made easy, convenient, flexible and rewarding.

How it works: Select between a donor advised endowment (choice that ensures grants may be made in perpe-

tuity – minimum gift of \$25,000), or a donor advised gift fund (a spendable option enabling you to recommend grants of any size – minimum gift of \$10,000). Receive an immediate tax deduction and make grants now or later. Involve family members in the experience of philanthropy.

- Simple alternative to a private foundation

- A lasting charitable legacy in your name or that of your family

- Recommend grants to any charity at any time

- Add to your fund at any time

- Give a variety of assets

Mrs. B's legacy will strengthen eastern North Carolina



Mrs. Louise Oriole Burevitch was a well-loved philanthropist in Wilmington, known for her generosity for charitable causes serving a number of areas, particularly children and animals.

She discovered philanthropy in her later years and enjoyed the "fun" involved in giving. She loved going places and meeting new people, and all who came to know her became friends.

She and her first husband, Artie Oriole, enjoyed a wonderful life together in New York until his untimely death in his 40s. He left her an estate that few suspected she had. She remarried, moved back to her native North Carolina, where Mrs. B, as she was

Private foundation options

NCCF is your partner

If you operate a private foundation or are considering establishing a charitable trust, you also may have thought about creating a fund with a community foundation. You should know about the fundamental differences between private and community foundations as you look at your options. (Please refer to NCCF's comparison chart on pages 18-19.) For ease, convenience and cost-effectiveness, the North Carolina Community Foundation presents a powerful and attractive option through a donor advised fund or a blended strategy. Consider the following solutions to address your particular charitable giving goals:

Establish a donor advised fund instead of a private foundation

If your main goal is the joy of giving and you are not interested in managing a separate organization, consider the simplicity and flexibility of a donor advised fund with the NCCF.

Convert your private foundation to a donor advised fund

If the work of maintaining your private foundation has become overwhelming, but you wish to preserve the legacy of your existing foundation, consider converting it to a donor advised fund with the NCCF. The name of your private foundation may be preserved (though anonymity is also an option), and grantmaking may continue in accordance with your private foundation's original giving intent.

affectionately called, lived a full and modest life in Wilmington.

Tax considerations prompted Mrs. B to ponder the creation of her own private foundation at one point, but she was concerned with both regulatory and succession issues. She and her professional advisors ultimately determined that a donor advised fund would provide the flexibility, support and tax advantages she needed.

It was this “team approach” among her professional advisors and NCCF that ultimately helped Mrs. B define and implement a planned giving strategy that allowed her to achieve her goals and potential as a philanthropist during her lifetime — and established her legacy after she departed.

Read more on our website about Mrs. B’s sweet love story and phenomenal legacy to eastern North Carolina.

Keep your private foundation but also establish a parallel donor advised fund. If you are interested in accessing the comprehensive services of the NCCF prior to making a decision to convert, consider establishing a parallel donor advised fund to access NCCF’s expertise in grantmaking and North Carolina’s communities.

Grant all or part of your private foundation’s required annual payout to a fund with the NCCF.

One or more simple grants to any funds held by the NCCF will fulfill your private foundation’s annual payout requirements.

The North Carolina Community Foundation can assist you with the establishment of a donor advised fund, a conversion strategy for your private foundation or a blended approach to your philanthropy.

Simple, centralized and flexible giving options that can address immediate charitable interests and future philanthropic goals

Administrative ease and cost-effective management

Professional services for investments, fund management, legal counsel, accounting and marketing

Enhanced tax-deductibility for contributions

Benefits of pooled investment management

Grantmaking expertise and knowledge of our state’s local communities

Lasting impact: the NCCF will administer your fund in perpetuity

Weil family recommends conversion of private foundation to donor advised fund



Louis Weil



Leslie Paley

The Weil family, originally from Wayne County, made the decision to convert their private foundation to a donor advised fund many years ago. "We'd been talking about it [converting] for a number of years so we could take some of the burden off of us," said Louis Weil, grandson of one of the foundation's founders. "We all had full-time jobs, we're now

dispersed all over the state and country and so many aspects of the foundation, such as investments, were becoming more complicated as the fund grew."

The family foundation, established in 1928, was created primarily to provide assistance to Wayne County. It continues to focus on Goldsboro and Wayne County initiatives and also supports higher educational needs, particularly UNC-Chapel Hill, UNC-Greensboro and East Carolina. The family's generosity has been fueled by their involvement in a number of successful businesses over the years, including retail, banking, farming, fertilizer manufacturing, oil distribution, grain storage and real estate development.

One of the best decisions the family made was to convert the family foundation to a donor advised fund, according to Weil, who said he could "highly recommend the process" to other private foundations. "The transition was very smooth and went very well," he said. "My sister [Leslie Paley] and I thought it made sense for us to turn it over to a more professionally run organization."

The primary benefit, Weil said, has been the time savings. "It takes a lot of time to manage assets and comply with all of those rules and regulations," he said. "Turning that part over to the North Carolina Community Foundation has allowed us to focus on our philanthropy."

Read more about the fascinating Weil family and their philanthropy in a feature posted on our website at nccommunityfoundation.org.

"It takes a lot of time to manage assets and comply with all of those rules and regulations. Turning that part over to the North Carolina Community Foundation has allowed us to focus on our philanthropy."

Louis Weil

Field of interest fund

Support grantmaking in a special area of interest

Field of interest funds are perfect for donors who wish to support grantmaking within a particular area of charitable interest but don't want to be committed to one specific organization.

How it works: Define the field of charitable endeavor that is meaningful to you, such as the environment, the arts, child welfare, education, historic preservation or any area of personal charitable interest. Make a minimum

gift of \$25,000 to establish the fund. Annually award grants from your fund to any charity or charities working within your interest area.

Make an impact within your special field of interest

Create a legacy to honor a special person or group

Support nonprofits that are making a difference within your cause

Roffe couple had vision to fund local healthcare needs



John and Marjorie Roffe spent much of their lives in the Chicago area, where John was president and chief engineer of a Teflon fabricating business that he helped to found. The two later moved to Moore County and fell in love with their adopted community. While they considered themselves fortunate to spend their later years in Southern Pines, they were keenly aware of the many needs throughout the county and Sandhills region and knew they wanted to give back to the area.

The couple had the foresight to establish the John W. and Marjorie A. Roffe Endowment in their wills as a field of interest fund to support local health needs, stipulating that the local Moore County Community Foundation, an NCCF affiliate, would shepherd annual grants to ensure they would be awarded where most needed. The very first year of grantmaking in 2006 saw health-related causes in Moore County receive \$80,000, and annual grant amounts have continued to be significant. The Roffe's generosity has resulted in many large impact grants since the fund was established, and Moore County residents will benefit for generations to come.

Designated fund

An investment in the future of your favorite charity

Designated funds are ideal for donors who wish to provide ongoing support for one or more of their favorite charities. With a designated fund, you are helping to ensure a stable, predictable source of income for sustainability, operational and/or program needs. Many donors establish designated endowment funds to protect their favorite nonprofits from decreasing resources caused by economic uncertainty or declines in governmental funding and other revenue streams.

How it works: Specify one or more organizations to receive a lasting annual distribution from your designated endowment. Make a minimum gift of \$25,000 to establish the fund. Your favorite organization will benefit forever from the NCCF's investment stewardship and endowment-related services.

- **Lasting support for your favorite charity**
- **Professional expertise for management and growth of fund**
- **Help ensure permanent financial stability**

Brown endowments focus on children



Edward G. Brown Jr. never forgot the images of poverty in his native Kentucky. The homes and people he passed on his trek to school seared both his mind and his heart. He recalled thinking to himself then, even as a child, that someone should do something to help these families improve their harsh living conditions. While not from a wealthy family, the stark contrast with his comfortable middle-class existence made an impression.

Brown's profession as an engineer afforded him a successful, busy life that took him all over the world. He married and had children. He retired to Clay County, an area of the North Carolina mountains that hearkened back to his native southeastern Kentucky. Now he had time to reflect on matters of the heart, and the images of poverty stored away by an impressionable young boy surfaced again. He established two endowments designated for the children of Appalachia. The Margaret and Edward Brown Endowment has distributed more than one million dollars for two nonprofits serving this vulnerable population.

Read more about Mr. Brown and his endowment on our website.

Agency funds

Invest in your nonprofit organization’s future

Agency or organizational endowments enable nonprofits to establish funds for their perpetual financial support. An agency endowment allows a nonprofit to build an endowment and create sustainability by leveraging the NCCF’s economies of scale in investment and administrative services. Many nonprofits create agency endowments as a conduit for planned gifts. An agency endowment serves as an important

part of any nonprofit’s plan for financial security.

How it works: The board of the nonprofit organization agrees to use organizational funds (minimum of \$25,000) to begin an endowment with the NCCF. The nonprofit receives annual financial support from the endowment in perpetuity.

- Professional investment management and oversight
- Vehicle for planned gifts
- Cost efficient structure for administrative services, marketing and expertise

Preservation NC understands the power of agency endowments



Photo provided by Bellamy Mansion and used with permission.

Preservation North Carolina is a statewide nonprofit that has been devoted to the protection of North Carolina’s buildings and landscapes since 1939, with a goal to preserve and promote our state’s diverse heritage.

This nationally acclaimed nonprofit understands well the power of endowment and planned giving, and NCCF is honored to hold a number of funds related to the maintenance of its headquarters and various structures, projects and focus areas.

“Just as Preservation North Carolina has been charged with the stewardship of many of our state’s precious resources, we’ve worked with the North Carolina Community Foundation for a quarter century to ensure careful stewardship for our endowments,” said Myrick Howard, president.

Howard noted that the endowments also provide another option for PNC’s donors to give to a cause they care about. “These endowments are already established and in place for those interested in supporting preservation and conservation,” he said. “Their contributions ensure that our rich heritage can be enjoyed now and by future generations.”

Scholarship fund

Help make the dream of education come true

A scholarship fund is a tangible link to the future that helps others pursue their educational goals and dreams.

A scholarship fund can serve as a tribute to a family member, alma mater or specific subject area.

Scholarship funds provide access to quality education and learning opportunities, which help create and sustain healthy communities.

How it works: Determine a name for your fund and work with Foundation staff to establish criteria for scholarship eligibility. Make a minimum gift of \$40,000. NCCF provides administrative support of the scholarship process.

- **Help students pursue higher education**
- **Create a named legacy in your name, your family's name or that of a loved one**
- **Professional support of entire scholarship process**
- **Tax deductibility for gifts**

Dr. Ennis' passion for education prompted creation of scholarship



Dr. Carolyn Grantham Ennis has been an important pillar of the Johnston County community for decades, with a lifetime of distinguished service and widespread recognition for her giving spirit.

Dr. Ennis taught school for two decades and supervised instruction for the county school system for 25 years before coordinating community schools and special projects. Her deep

love for education is rooted in her own educational accomplishments, as a proud product of the Johnston County Schools and graduate of Duke University, New York University and Shaw University.

In addition to her love for education, Dr. Ennis has been a passionate supporter of a number of community organizations, including the Johnston County Community Foundation, where she served on the advisory board for a number of years. She has served as president of nine different Johnston County organizations, including the Association of Educators, Mental Health Association and the Modernettes Civic and Social Club.



Downtown District – Smithfield, NC

In 2003, Dr. Ennis applied that passion for education and love for community to the creation of the Carolyn Grantham Ennis Scholarship Endowment with the North Carolina Community Foundation.

Dr. Ennis found NCCF as her philanthropic home through a trusted advisor. “When I mentioned my desire to him, he encouraged me,” she said. “He recommended the NCCF fund because of its outstanding stability and efficiency.”

The scholarship fund seeks those who exemplify the values that Dr. Ennis considers imperative for good students and members of society: vision, valor, versatility and vivacity. Her preference is to benefit students from North Carolina, with priority for those from Johnston County who plan to attend Shaw University.

“The scholarship has meant more to me as a contributor than to the students who have been the recipients,” Dr. Ennis said. “I know how much students need a good education, and I know how limited their family income may be,” she said. “Without financial support many would not be able to get a college education, and a good education produces good citizens.”

For more on Dr. Ennis’ scholarship and her passion for education and service, visit our website.

Comparison of Donor-Advised Funds and Private Foundations

Consider the advantages of working through the North Carolina Community Foundation to accomplish your charitable goals

Establishment and Operation

	Donor-Advised Fund at the NCCF	Private Foundation
Recommended size	\$25,000 minimum	\$10 million recommended minimum to justify operating costs
Start-up and initial costs	None	All legal, accounting and filing fees
Ongoing administration and annual costs	1% annual fee (may be negotiated favorably for funds above \$1 million)	All costs (legal, accounting, payroll, audit) are incurred by private foundation

Tax Considerations

	Donor-Advised Fund at the NCCF	Private Foundation
Tax status and filings	Qualifies under NCCF's public charity status; no filing necessary	Must file for private foundation tax-exempt status
Excise taxes	None	Subject to 1-2% annually
Tax-deductibility of gifts		
Cash	Deduction up to 60% of adjusted gross income	Deduction limited to 30% of adjusted gross income
Appreciated stock (held more than one year)	Fair market value up to 30% of adjusted gross income	Fair market value up to 20% of adjusted gross income
Real estate and closely held stock (held more than one year)	Fair market value up to 30% of adjusted gross income	Cost basis up to 20% of adjusted gross income

Grantmaking Support and Requirements

	Donor-Advised Fund at the NCCF	Private Foundation
Grantmaking support	NCCF provides due diligence review of grantees recommended by donor Research on specific nonprofits provided upon request	Donor must establish and oversee all evaluation, monitoring and reporting procedures
Payout requirements	None; grant recommendations of 5% encouraged but no government-required payout	Annual minimum payout of 5% of assets required (subject to penalty on undistributed amount)

Investment Management

	Donor-Advised Fund at the NCCF	Private Foundation
Investments	Fund assets professionally invested through NCCF Donor may choose from selection of NCCF asset managers No donor control of investments Investment fees netted from yield	Must secure and oversee own investments Investment management fees the responsibility of the private foundation

Donor Involvement and Privacy

	Donor-Advised Fund at the NCCF	Private Foundation
Donor involvement	Donor recommends grants to qualified nonprofits Grants are approved by NCCF	Donor appoints initial board of a nonprofit corporation Board controls investment and grantmaking
Privacy and confidentiality	Fund may be named or anonymous Contributions, assets and grants may be kept confidential	Detailed public disclosure annually from IRS Form 990 PF, which makes public all assets and grants

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Delectable Mountains, quilt barn – Ashe County, NC

What to give: Types of gifts

Many types of gifts can be used to establish and grow a fund at the NCCF. Gifts are tax deductible to the fullest extent allowed by law.

Cash

A gift of cash (usually check, credit card or electronic transfer) is the simplest way to establish a fund or to promote its continued growth. Such gifts are generally deductible up to 60 percent of the donor's annual adjusted gross income (AGI).

How it works: Write a check to establish your fund, give online through

our secure website to make a gift via credit card or contact your bank to initiate an electronic transfer.

- **Ease**
- **Simplicity**
- **Tax-deductibility**

Closely held stock

Donors who own stock in a closely held business may use it to begin a fund with the NCCF and derive many of the same tax advantages as with other types of assets.

How it works: Certain restrictions may apply, so first consult your professional advisor. Since all gifts of closely held

stock require special handling, the NCCF will consider them on a case-by-case basis.

- **Tax efficient giving**
- **Create a permanent charitable legacy**
- **Avoid capital gains**

Securities

A gift of appreciated securities (stocks, bonds, mutual funds) may offer favorable tax advantages, especially if you have held the securities for more than one year. As donor,

you may receive a charitable deduction for the full fair market value of the securities, and avoid capital gains on the appreciated portion.

How it works: Contact the NCCF to obtain stock transfer instructions.

Make a tax-wise gift of securities

Making a gift of appreciated securities in the form of stocks, bonds or mutual funds (instead of cash) will result in tax savings as illustrated in this chart:

Assume you are a donor in the 32% tax bracket wishing to make a \$10,000 charitable gift. With this \$10,000 gift, your charitable deduction would be the same regardless of whether you used cash or securities to make the gift. However, if you give appreciated securities in which you have a low basis, you may also save in capital gains taxes, thereby reducing your after-tax cost of making the gift.

Tax savings from appreciated securities

	Cash	Appreciated Securities
Current FMV of gift	\$10,000	\$10,000
Your cost basis	\$10,000	\$ 1,000
Income tax savings (if 32% bracket)	\$ 3,200	\$ 3,200
Capital gains tax avoided (assuming 20% cap gains bracket)	\$ -0-	\$ 1,800
Your net cost of making the gift	\$ 6,800	\$ 5,000

Real estate

Gifts of real estate may include a house or vacation home, a business property, undeveloped land or a farm. Real estate gifts may be donated outright, through the donor's estate planning, as a retained life estate or as a contribution to a charitable trust.

How it works: Since each real estate gift is unique, the NCCF will consider acceptance on a case-by-case basis.

IRA Charitable Rollover

The IRA Charitable Rollover is now permanent. With this provision, donors age 70½ and older may make a tax-free charitable "rollover" gift up to \$100,000 from their qualifying IRAs, without having to first count the transfer as income for federal income tax purposes. Designated and agency funds, scholarship funds and other non-donor-advised funds are eligible to receive an IRA rollover gift. (At this time, donor advised funds are not eligible.)

How it works: Contact your IRA plan administrator for instructions on how to make an IRA Charitable Rollover to a fund with the NCCF.

Gaddy used several types of gifts to establish family legacy



Charles W. Gaddy was a founding member of the board of the North Carolina Community Foundation, serving in many leadership capacities until his death in July of 2005. He shared the vision of NCCF's potential and enthusiastically supported its growth by establishing several endowments for giving during his lifetime and after he was gone.

Gaddy's endowments were established through gifts of cash, stock and real estate, and illustrate the power of planned giving that leaves a family legacy and fuels philanthropy through generations.

Gaddy's sons Fin, who lives in Manteo, and Will, who resides in Asheville, each continue to marshal the family's endowments in ways that reflect their own unique passions and interests, while also continuing to honor what sparked their parents' love of giving. Both have families and envision a time when they will pass on the joy of giving that has been a hallmark of their family name.

Read more about the Gaddys and their unique brand of giving at nccommunityfoundation.org.



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Blue Ridge Parkway – Appalachian Mountains, NC

Ways to give: How to achieve

Options for planned giving

Many options exist for donors who wish to make a future charitable gift through the North Carolina Community Foundation. Consider the following planned giving strategies that enable you to realize your goals, achieve tax advantages and leave a growing charitable legacy for generations to come.

Bequests

Naming the NCCF in your will or trust is an easy way to fulfill your charitable goals. You may make a provision in your will to establish a fund of your choice, or give to an existing one. Choose to give a stated dollar amount, a percentage of your estate, a specific property or the remainder after other bequests are fulfilled. This revocable option provides flexibility if your goals should change.

How it works: Add a provision to your existing will or draft a new one. The NCCF will help you and your attorney with the suggested language. (You may also refer to the *Resources* section of this booklet for sample language.)

- **Leave a legacy**

- **Retain assets during lifetime**

- **Reduce estate taxes**

Stancil's bequest funds a number of local charities



Margaret Isabel Rawls Stancil had a number of interests and passions that she supported throughout her lifetime, fueled by both a generous spirit and a well-grounded education.

The New Bern native studied at East Carolina University and taught school in Raleigh and Smithfield and held administrative positions with the New Bern and Craven County school systems for many years.

Stancil was well-known for charitable giving when she was alive, so it came as no surprise that she had established a bequest in her will to fund 20 designated nonprofit beneficiaries through an endowment.

Specific nonprofits reflect her concerns and causes and range from education, children, public radio, health initiatives and the homeless.

The legacy Stancil left to her local community and region was cause for celebration. Nearly 100 of her family members, friends and local leaders came together shortly after she died to commemorate her many gifts to the community. The reception was hosted by the Craven County Community Foundation in the NC History Center at New Bern's Tryon Palace. Many spoke about the impact of her endowment and its lasting impact on the community. "With this gift, Mrs. Stancil has set in motion a powerful vehicle that will strengthen charities in New Bern and beyond, now and in perpetuity," said NCCF's CEO Jennifer Tolle Whiteside, who spoke at the reception.

New Bern attorney Ken McCotter gave a tribute to Stancil's generosity. "Margaret was a gracious and lovely lady, who was very generous throughout her life, giving to many causes," he said. "This endowment and her other significant gifts are a tribute to the magnanimous spirit of a truly wonderful person."

Charitable trusts

The creation of a charitable trust may deliver important advantages in financial and estate planning, including tax savings, the opportunity to make a significant charitable gift, the retention of assets for heirs, or the security of income for the donor or family members.

Note: The NCCF does not act in a trustee capacity, but instead works

with donors and their chosen trustees as the charitable lead beneficiary or "remainderman" of the trust.

There are several types of charitable trusts to consider:

Charitable lead trust (CLT):

The donor establishes a trust and irrevocably transfers assets to the trustee. The trustee provides the NCCF (via the donor's fund at the NCCF) a regular payment to grow the fund.

At the end of the trust's term, the remainder of the assets pass to heirs or any third party. Assets expected to increase in value are commonly assigned to a CLT. This strategy benefits those who want to leave an inheritance to children or grandchildren, while potentially minimizing gift and estate taxes.

A CLT may take one of two forms depending upon how payments to NCCF are calculated:

- An annuity lead trust (CLAT) pays a fixed dollar amount each year, as calculated on a percentage of the original gift. (No additional contributions to a CLAT are permitted.)
- A lead unitrust (CLUT) pays a fixed

percentage of the trust value, which is recalculated annually. The percentage is fixed, but additional contributions may be made to the trust.

How it works: Donor works with attorney or trustee to draw up trust document. Donor works with NCCF to establish fund type of donor's choice. Donor transfers asset to trustee for investment and payments to donor's fund at NCCF.

- **Pass along appreciated assets to family members**
- **Provide income to charitable fund**
- **Estate and gift tax savings**

Charitable remainder trust (CRT):

The donor or other named individuals receive an income stream for their lifetimes or for a period not to exceed 20 years. The remainder passes to the NCCF to benefit the donor's previously established fund (or to establish a fund of the donor's choice). This strategy benefits donors who wish to avoid capital gains from highly appreciated assets, reduce income taxes and retain an income stream for themselves, a spouse or heirs.

As with a charitable lead trust, CRTs may take one of two forms depending upon how payments to the income beneficiary are calculated:

- An annuity remainder trust (CRAT) pays a fixed dollar amount each year, as calculated on a percentage of the original gift. (No additional contributions to a CRAT are permitted.)
- A charitable remainder unitrust (CRUT) pays a fixed percentage of the trust value, which is recalculated annually. The percentage is fixed,

but additional contributions may be made to the trust.

How it works: Donor works with attorney or trustee to draw up trust document. Donor works with NCCF to establish fund of donor's choice. Donor transfers assets to trustee and receives immediate tax deduction for the charitable portion of the gift. Trustee makes regular payments to donor or designated individual/s. Upon death

of donor or last designated individual, trustee transfers remaining assets into fund with NCCF.

- **Avoid capital gains**
- **Diversify investments and increase income from low-yield assets**
- **Retain lifetime income for donor or loved one**
- **Income tax charitable deduction**

Life insurance policy

The gift of a life insurance policy is a simple and inexpensive way for a donor to make a charitable gift at a level often not possible through current assets.

How it works: Consider the following strategies for utilizing life insurance to create a charitable legacy:

Name the NCCF as beneficiary of an existing or new policy (or as contingent beneficiary in the event the primary beneficiary passes away before you do).

Name the NCCF as owner and beneficiary of an existing policy you no longer need. Receive a federal income tax deduction for the cash

surrender value in the year the gift is made.

Transfer an existing partially paid policy or purchase a new policy naming NCCF as owner and beneficiary, and make tax-deductible gifts to ensure continuation of premium payments.

Contact NCCF to establish a fund (or specify an existing fund) that will receive the death benefit payout when the insured dies.

- **Opportunity to make significant charitable gift**
- **Charitable tax deduction**
- **Simple and inexpensive way to give**

Retirement plans

Assets held in qualified retirement plans can make ideal testamentary charitable gifts due to the fact that they may be heavily taxed if passed to heirs. (These assets may be subject to both income and estate taxes if left in the estate, thus eroding the value to heirs.)

A better solution for the charitably minded donor is to make the NCCF the beneficiary of the retirement plan and provide other assets to heirs.

How it works: Donor contacts retirement plan administrator to name specific fund at NCCF as the beneficiary of retirement assets. Refer to Resources section of this booklet for suggested language.

- **Save taxes**
- **Preserve assets for the good of your community**
- **Make a significant charitable gift**

Retained life estate

Make a charitable gift of your personal residence, vacation home or farm, continue to occupy the property without disruption and receive a current income tax charitable deduction for the present value of the remainder interest.

How it works: Donor irrevocably contributes property to NCCF but continues to live in it for his lifetime. Donor continues to be responsible for taxes, insurance and routine maintenance

of the property. At end of gift arrangement (donor's life), the property will be sold by the NCCF and the assets will be used to benefit the donor's fund with the NCCF.

- **Make substantial charitable gift**
- **Receive income tax deduction**
- **Relieve family members of burden of future maintenance or sale of property**



Herbert Bonner Bridge – Oregon Inlet, NC

Resources

While this booklet includes just some of the information you may need while considering your planned giving options, there are many more resources on our website at nccommunityfoundation.org, and of course we encourage you to contact us personally at 919-828-4387 or 800-201-9533.

This resource section is not designed to be exhaustive, but does cover questions we are routinely asked relating to the wording of a charitable bequest or beneficiary designation.

We can provide the appropriate language for consideration if you choose to include the NCCF in your will and will work with your attorney or other professional advisor to ensure that your charitable goals are met. The examples below illustrate possible wording:

Suggested bequest language

Sample language to establish a new endowment:

"I give, devise and bequeath to the North Carolina Community Foundation, Inc., a qualified 501(c)(3) charitable organization located

in Raleigh, NC, _____ percent of my residual estate [or a specific bequest of \$___ or other personal or real property appropriately described] to establish the [name of fund] for the benefit and support of [charitable beneficiary] in _____ County, North Carolina."



You may also choose to designate an existing NCCF endowment or the NCCF itself as the beneficiary:

"I give, devise and bequeath to the North Carolina Community Foundation, Inc., a qualified 501(c)(3) charitable organization located in Raleigh, North Carolina, _____ percent of my

residual estate [or a specific bequest of \$_____, or other personal or real property appropriately described], to be directed to the [Name of existing fund, a component fund of the Foundation OR to the Foundation's operating fund, endowment or Disaster Relief Fund]."

Suggested beneficiary designation language

Name a fund at the NCCF as a beneficiary of retirement plans or life insurance policies. Obtain the appropriate form from your provider and use the following language:

Beneficiary: The North Carolina Community Foundation, Inc., a qualified 501-c-3 charitable organization with Tax ID #58-1661700, for the (name of your fund).

For more information please contact us at 919-828-4387.

Visit our website at nccommunityfoundation.org for more information related to planned giving – and more.



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